Marketing luxury goods to chinese

Business

Case Study: Marketing Luxury Goods to Chinese Case Study: Marketing Luxury Goods to Chinese Luxury goods firms should invest in product quality in order to acquire the loyalty from Chinese consumers. Most consumers prefer luxury from external firms rather than Chinese makers due to the quality. Improving on the quality of the luxury goods will attract the increasing number of Chinese consumers. The price should also be favorable before the goods are imported into Chinese markets due to the increased import duties and taxes. Favorable prices will ensure more Chinese customers despite the import duties. It will also attract middle income earners who want to venture into luxury goods. The prices will also assist in controlling market prices and competition from Chinese firms that have invested in making fakes. Finally, the luxury makers should also invest in strategic Chinese markets where most consumers are located. The places include posh areas and major cities where consumers can easily access the goods. The makers should also analyze markets to have knowledge on the consumer trends. The consumer styles will be used to highlight potential areas where the luxury makers make market entries.

The Chinese market was not affected much by the recession; hence leading to an increased economic growth of up to 30% per annum. The increased growth led to an influx of rich Chinese individuals that were the main targets for the luxury items. Additionally, the country also had increased industrial growth causing employment to most Chinese. Most workers invested in fancy items due to influence from other rich societies. The consumers also preferred purchasing goods from outside China because they believed that the products were of high quality (The Economist, 2014). China’s efforts to surpass Japan and the U. S in consumer ratings also contributed to the taste and preference of luxury goods. The Chinese rich class was also not affected much by the recession; hence providing market for the luxury goods unlike in other hit countries such as the U. S.

The luxury makers took advantage of the increased economic growth that meant most Chinese could save and purchase luxury goods. They also ensured good product quality than that provided in the Chinese luxury makers. The Chinese also invested in impulse buying whereby their purchasing trends surpassed those of the Japanese. Moreover, the makers observed Chinese consumer styles such as more men customers than in Japanese markets. The Chinese men were ready to purchase more of the luxury goods compared to the Japanese women; hence leading to increased imports. The Chinese minds were also set to understand that goods made in China were cheap and counterfeits. The luxury makers also took advantage of the situation and brought in costly and high-quality goods from different countries (The Economist, 2014).

As a CEO of a western luxury goods firm, I would explain the various perceptions of the Chinese and why they should not always be trusted. For example, the perception of viewing luxury goods as an in-equality factor in the society should not be supported. Most consumers have invested in various sectors and are self-made millionaires. Additionally, there are also products that are suitable for every social class. Finally, relating luxury goods to corruption should not be adopted because some of the consumers have worked hard for their purchasing abilities. China should instead launch anti-corruption initiatives to prevent some workers from using public resources for private interests.

Reference

The Economist. Chinas addiction to luxury goods. (2014, April 29). Retrieved December 9, 2014, from http://www. economist. com/blogs/economist-explains/2014/04/economist-explains-17